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Telegraph Lines, Standing Committee, 1938

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HOUSE OF COMMONS

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

Respecting

BILL No. 31—THE TRANSPORT ACT, 1938

No. 3

FRIDAY, MAY 6, 1938



WITNESSES:

- Mr. G. P. Campbell, Barrister, Toronto, representing fourteen Canadian Lake Vessel companies.
- Mr. George R. Donovan, Secretary-Treasurer, The Canadian Lake Carriers Association.
- Mr. R. R. Enderby, Managing Director, Canada Steamship Lines, Limited, Montreal.

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MINUTES OF PROCEEDINGS

FRIDAY, May 6, 1938.

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.30 a.m.

In the absence of the Chairman, the Chair was taken by the Deputy Chairman, Sir Eugene Fiset.

Members present: Messrs. Barber, Bertrand (*Laurier*), Bonnier, Cameron (*Hastings South*), Clark (*York-Sunbury*), Cochrane, Dupuis, Edwards, Emmerson, Fiset (*Sir Eugene*), Francœur, Gladstone, Hamilton, Hansell, Hanson, Heaps, Howden, Hushion, Isnor, Johnston (*Bow River*), MacInnis, MacKinnon (*Edmonton West*), McCann, McCulloch, McIvor, McNiven (*Regina City*), Maybank, Mutch, O'Neill, Parent (*Terrebonne*), Stevens, Sylvestre, Young.

In attendance: Hon. Mr. Howe, Minister of Transport; Hon. Mr. Guthrie, Chief Commissioner, Board of Railway Commissioners; Mr. W. E. Campbell, Chief Traffic Officer, Board of Railway Commissioners; Mr. W. J. Matthews, Law Branch, Department of Transport.

The Committee resumed consideration of Bill No. 31, An Act to establish a Board of Transport Commissioners for Canada, with authority in respect to transport by railways, ships and aircraft.

Mr. G. P. Campbell, Barrister, Toronto, was called. Mr. Campbell submitted and read a brief on behalf of fourteen Canadian Lake Vessel Companies, and was questioned. Mr. Campbell will file with the Committee three proposed amendments to Bill No. 31.

Mr. Campbell retired.

Mr. George R. Donovan, Secretary-Treasurer, The Canadian Lake Carriers Association, was called and read a brief from that Association, respecting which he was questioned.

Mr. Donovan retired.

Mr. T. R. Enderby, Managing Director, Canada Steamship Lines, Limited, Montreal, was called. He read a brief containing suggested changes in Bill No. 31, including the deletion therefrom of Part V.

Mr. Enderby retired.

The Committee adjourned until Tuesday, May 10, at 10.30 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 277,

May 6, 1938.

The Select Standing Committee on Railways, Canals and Telegraphs, met at 10:30 a.m. Sir Eugène Fiset, the Deputy Chairman, presided.

Appearances:

T. P. Campbell, Counsel for the Steamship Companies associated for the presentation of the brief, 80 King street west, Toronto.

George R. Donovan, Secretary-Treasurer of the Canadian Lake Carriers Association, 38 King street west, Toronto.

T. R. Enderby, Managing Director, Canada Steamship Lines, Montreal.

The DEPUTY CHAIRMAN: Order, gentlemen. We have now a quorum.

When we adjourned yesterday afternoon it was decided the shipping interests should be heard. We have them with us this morning, and I understand that Mr. G. P. Campbell, of Toronto, representing fourteen firms is here. Is it your desire that Mr. Campbell should be heard?

Some Hon. MEMBERS: Yes.

G. P. CAMPBELL, Counsel for steamship companies associated in the presentation of the brief, called.

The DEPUTY CHAIRMAN: There is a brief from the shipping companies available to the members of the committee.

The WITNESS: Mr. Chairman and gentlemen: I represent a number of shipping companies who are engaged in the transportation by water on the Great Lakes. These vessels, owned by these companies, are chiefly engaged in the transportation of bulk commodities, and we have given most careful consideration to the provisions of this Act as it relates to these ships. I may say that the companies I represent own and operate 108 lake vessels, 69 canallers, 22 upper lakers, and 9 barges; all engaged in the carriage of grain—bulk commodities, and other commodities not classified under the Act as goods in bulk. These companies represent about 60 per cent of the tonnage operating on the Great Lakes to-day and I believe that substantially the companies I represent constitute all the shipping companies with the exception of the Canada Steamship Lines.

Now, I have prepared a brief giving you certain headings which I would like the opportunity to discuss with respect to the provisions of the bill. I will be very glad to answer any questions as we proceed, and there are other witnesses who can answer your questions with respect to the direct operations of the Act with respect to shipping.

The first paragraph reads:—

1. That the present bill purports to exempt bulk freighters from the Act, but does not in fact do so and does not exercise any control over motor transportation which is the most competitive form of transportation to the railways:

By Mr. MacKinnon (Edmonton West):

Q. Are you reading from the report?—A. Yes, from the bottom of page 1.

By Mr. Howden:

Q. Not all forms of water transportation?—A. No, this relates to vessels carrying bulk commodities.

Mr. HOWDEN: All right, thanks.

The WITNESS:

The present Bill 31 cited as "The Transport Act 1938" purports to extend the power of the present Railway Board so as to give it control over air transportation and certain forms of water transportation as well as railway transportation.

The Bill does not purport to give the Board any control over highway transportation although Bill "B" introduced in the Senate of Canada in 1937 was for the purpose of extending the jurisdiction of the Board of Railway Commissioners of Canada to cover all forms of transportation. The present Bill does not give the Railway Board any control over motor transportation which is generally accepted as most competitive with our railways.

It would also appear that when the present Bill was drafted it was not intended to bring under the control of the Railway Board vessels engaged in the carriage of goods in bulk.

By Mr. Bertrand:

Q. Do you know why this bill does not cover trucks?—A. Yes. I am quite aware of that. I may say that we feel that the great problem confronting the railways today is the result of the competition of the highway traffic, motor trucks, and that the difficulties that the railways experience today were not experienced before the trucks operated on the highways. We therefore say that the steamboat companies, the transports by water, are not the cause of their difficulties, and that there is no reason why they should be brought under control. I think I am correct in saying that no specific instances have been given by the railways or by any person else to indicate, or to show how the water transports are depriving the railways of any business. The fact is that the water transports are a necessary adjunct to the railways in connection with the transportation of grain, flour and other commodities where you get a lake and rail rate.

By Mr. MacKinnon: (Kenora-Rainy River)

Q. Why should you people not be regulated the same as the railways?—A. I deal with the difficulties. We put it simply on this basis: we say, so far as water transport is concerned, it is not practical that we should be controlled. It is not practical to bring us under control by that board and require us to file specific tariffs. I deal with that quite fully later in the brief. But, just in passing, I realize the problem confronting the railways, and the losses that they are sustaining; but we say that it is not as a result of competition, unfair competition, from the water transports, because water transport was here before the railways. They cooperated with the railways, and these problems did not arise before the motor trucks came into competition. Continuing with the brief:—

2. That the bill as drafted would render it necessary for all inland lake vessels including those engaged in the carriage of goods in bulk to obtain a license and be brought within the provisions of the act for the following reasons:

[Mr. G. P. Campbell.]

We understood, and I think it has been generally understood, that the intention was to exempt bulk freight from the provisions of the Act. I intend to show that the bulk freighters are not exempt from the provisions of the Act, that it would render it necessary for us to take out a license to operate. Continuing:

- (a) Goods in bulk as defined in Section 2 of Bill 31 are restricted to grain, ore, sand, coal, liquids, pulpwood, etc., when not bundled or enclosed in bags, bales, etc., whereas the Lake bulk carrier has regarded other cargoes as bulk cargoes and engaged in the carriage of cargoes such as sugar and flour, iron and steel products, binder twine, lumber and shingles, baled hay, pig iron, iron and steel scrap, salt, sulphur, newsprint, baled pulp, soda ash, etc.

The carriage of the above cargoes by bulk carriers is an important and essential branch of their business and unless they are permitted to continue to engage in the carriage of such commodities as heretofore, the rates on other commodities such as grain and coal will be increased.

It is submitted, therefore, that all Lake bulk carriers be exempt from the provisions of the Act and permitted to carry whatever cargoes they may be qualified to carry.

I submit that a simple amendment to the Act would be under section 2, the interpretation section, to define bulk carriers as distinguished from package freighters and other boats not engaged in the carriage of goods in bulk. If bulk carriers were so defined in the interpretation section, then the Act could be so drafted that they would be exempt from the provisions of the Act, if that is the intention. If it is not the intention, and if it is the intention that these vessels should be required to obtain a license in order to carry these other commodities, then I submit that, as I will show later in the brief, it is not practical to require us to file tariffs. These boats are not equipped—there is no continuity of cargo; there is no necessity for a continuous service sufficient to enable them to file tariffs as the railway companies do. These vessels are known as tramp steamers. They are private carriers and they are chartered to carry grain from the head of the lakes to Montreal or the St. Lawrence ports, Bay Ports and otherwise; and they are dependent upon picking up a cargo for return voyages in order to keep the rate on the grain as low as possible.

By Hon. Mr. Howe:

Q. In other words, you want to cut in on the package freighters when you are not busy in your own business; is that it?—A. Not exactly package freighters. Let us take baled pulp as one illustration. This is a business that has been developed by the bulk freighters and been carried by bulk freighters—I think something like two hundred thousand tons at one time. It is business which they developed, which has not been taken from the railways. They have been a very important factor when there has not been a large volume of grain to move. It does not seem fair that these vessels which are financed privately, which have rendered a service to the western farmer and to the community as a whole in carrying grain,—sometimes when there was a very small crop and only a fraction of them could be kept in operation,—should be deprived of these cargoes. They have been able to carry grain and pick up return cargoes and thus keep their vessels operating. If they are to be deprived of these return cargoes, it is going to mean that when there is no grain to move they are going to have to tie up. I think it is in the interest of the western farmer, and I think it is in the interest of the public as a whole, to encourage the continuity of operation of these vessels and to enable them to operate economically in order to keep the going rate for grain from the head of the lakes to seaboard at a very low price.

By Mr. Heaps:

Q. May I ask who it is that sets the rate on these cargoes?—A. On the grain cargoes?

Q. Yes?—A. The shipper. It is all done by private contract.

Q. There is no control of any kind over the rates at the present time on the lakes?—A. No control whatsoever.

Q. Except that which is set up by the carriers themselves?—A. It is done by private arrangement between the carrier and the shipper, with the exception of this: I might say that there is an act on the statutes which enables the Board of Grain Commissioners to fix maximum rates.

By Mr. Bertrand:

Q. Maximum rates for the grain?—A. For grain. The Board of Grain Commissioners have power to require the shipper to file tariffs,—file a copy of the charges that are being made from time to time, and they have power to fix the maximum rates. That is a safeguard to the western farmer that the rate will not be an exorbitant rate.

By Mr. Heaps:

Q. Are there any competitive rates on the lakes?—A. Well, they are all competitive rates.

Q. I mean, do they compete among themselves so far as the rates are concerned?—A. Oh, very definitely so. I may say that we have, in addition to the competitive rate that exists between the Canadian carrier, the competitive rate of the American carrier who is permitted to carry grain from the head of the lakes to Buffalo, which may be exported through New York. Years ago there was a very large volume of business carried through Buffalo. Since the six cent preference has been allowed Canadian shippers for shipping through Canadian ports to the United Kingdom, there has not been a large volume of business through Buffalo. But you have that competition. There is no rate—business body amongst the shippers. There has been the keenest of competition during these several years; but the rates have admittedly been too low to show a profit to many of these vessels.

By Mr. Howden:

Q. Will you necessarily be deprived of this business simply on account of this regulation?—A. I intend to show why I submit we would be deprived of this business.

By Mr. Heaps:

Q. Just to clear it up, may I ask if the competition you speak of is competition between the Canadian carriers or competition between the Canadian carriers and the United States carriers?—A. It is both. Between the Canadian carriers there is the keenest competition; and as I say, competition has been so keen during recent years, when there has been a small volume of grain moving, that the rate has been admittedly too low. But there is that very keen competition.

MR. McCULLOCH: Mr. Chairman, I do not think all members of the committee have received a copy of this brief, and they cannot follow this very well.

THE WITNESS: I was simply developing my comments on it.

MR. McCULLOCH: I would ask that the chairman of the committee see that members are supplied with copies.

THE DEPUTY CHAIRMAN: I am sorry. There are some copies missing.
[Mr. G. P. Campbell.]

The WITNESS: There were thirty copies made.

Hon. Mr. HOWE: There are forty members of the committee.

Mr. MACINNIS: May I ask the witness one question?

The DEPUTY CHAIRMAN: Yes.

By Mr. MacInnis:

Q. Mr. Campbell, according to the brief before us, you are representing fourteen companies. Would you say that there is any agreement between these companies as to the freight rates that should be charged, or that each company acts independently?—A. There has definitely never been and there is not now any agreement between these companies as to rates. There is an association being formed now to try to bring about something to deal with the many problems that have confronted lake shippers; but there is no agreement as to rates whatever and never has been.

By Hon. Mr. Howe:

Q. They all charge the same rate at the moment?—A. That is not quite so. We only learned this morning that that has not quite been adhered to.

Section 11 of the bill provides that no goods shall be transported between ports in Canada by means of any ship other than a ship licensed under part 2 of the Act.

If bulk carriers are to continue to operate and carry the same goods they have in the past, they would be required to obtain a licence as heretofore they have all engaged in the carriage of goods above mentioned which are not defined as goods in bulk under the provisions of the present bill, such as flour, sugar, newsprint, pulp, etc.

Mr. BERTRAND: Mr. Howe, would you tell us if this section is going to prevent American boats carrying any goods between Canadian ports?

Hon. Mr. HOWE: They cannot do it now under the coastal law. They cannot carry between two Canadian ports.

By Mr. Parent:

Q. Mr. Campbell, why would the companies you represent be deprived from carrying any further cargos owing to the fact of their having to obtain a licence?—A. I do not put it that way. I put it that we must obtain a licence in order to carry these cargos. As I have said, under the sections of the bill in which the procedure is set out for the obtaining of a licence, I propose to show it is impossible and impracticable for these companies to obtain a licence. I want to make myself perfectly clear that if we obtained a licence and complied with the provisions of this bill we would be entitled to carry any commodities, packaged freight or any other commodities.

Q. You would be entitled to do so?—A. We would be entitled to do so. But as a matter of practice, we would be unable to do so.

By Mr. Bertrand:

Q. Why?—A. If I may defer answering that question for a moment. I deal with it rather fully later.

It is submitted that no benefit will be derived by the lake vessels, shippers or the public generally by reason of requiring vessels engaged in such trade to obtain a licence and the companies affected desire to discuss the purpose for the enactment of such provisions. It is a recognized fact that the cost of water transportation is substantially lower than the cost of rail transportation and in the interests of the shipper and

the public generally nothing should be done to interfere with water transportation or the elimination of competition in such form of transportation.

Mr. BERTRAND: Why?

Mr. EDWARDS: Let us get on with the bill.

DEPUTY CHAIRMAN: I think it is much better that the witness should get on with the brief and that we ask questions later.

The WITNESS: I think I deal with those questions very fully later.

Mr. BERTRAND: All right.

The WITNESS:

Any restrictions on water going traffic can only have the effect of increasing the cost of that traffic which means higher cost to both the shipper and the consumer. It is, therefore, felt that any control over shipping as proposed by the present bill can only have the effect of placing shipping at a disadvantage to its former position.

3. That the requirements set out in the bill for the obtaining of a licence are of an extremely drastic character and would undoubtedly have the effect of disentitling many vessels now operating from obtaining licences:

Section 5 of the Act sets forth the following requirements:—

(a) The board shall determine whether public convenience and necessity require such transport.

It is a recognized fact that we already have in Canada more transportation facilities than are required. The railways and vessels engaged in the carriage of package freight would be entitled to come before the board and state that they were equipped to carry all commodities heretofore carried by bulk freighters and that there was no necessity for bulk carriers entering this business as the railways have lines capable of handling transportation of goods between practically all ports in Canada served by lake vessels.

(b) If a carrier is successful in obtaining a licence, the board is given power to state the ports between which such licensee shall be entitled to operate.

This procedure is not feasible as it is impossible to establish definite routes for vessels. Bulk carriers operate a tramp service and trade to and from ports wherever traffic is available. If it were necessary for such vessels to operate on certain specific routes their business would be seriously affected and many vessels would be unable to operate, and under the provisions of section 10 of the Act a licence might be refused.

By Hon. Mr. Howe:

Q. May I suggest to you that, as for (a) every boat now in operation on the Great Lakes is entitled automatically to a licence.—A. I think that that is rather restricted, Mr. Howe. I am going to refer to that and say that under section 5 any person entering vessels in a new service would have to comply with the provisions of that section. Now, there is a saving clause in the Act, part 2 of section 5, which says:—

If evidence is offered to prove,—

(a) that during the period of twelve months preceding the coming into force of the relevant part of this Act on, in or in respect of the sea or inland waters of Canada, or the route between specified points or places in Canada, or between specified points or places in Canada and specified points or places outside of Canada, or the part of Canada to

[Mr. G. P. Campbell.]

which the application for a licence relates, the applicant was bona fide engaged in the business of transport.

Now, it would mean that these vessels, these bulk carriers, would only be entitled to a licence if they were to come forward and say, "Prior to the passing of this bill I was engaged in the carriage of certain specific commodities between point A and point B.

By Hon. Mr. Howe:

Q. No, between point A and point B is not mandatory in the bill. The Board of Railway Commissioners or the Board of Transport Commissioners, under the Act may have the privilege of specifying routes, but it is not mandatory that they shall specify routes. They can grant a general trading licence to anyone and undoubtedly would.—A. Well, with respect, Mr. Howe, my interpretation at least—subject to correction—my interpretation of section 2 (a) and, particularly when read with (c), (c) says:—

The extent of the user of such ships or aircraft including the capacity of the same to transport goods or passengers and the services maintained or performed by means thereof.

Now, if I were arguing against these ships getting a licence, I would say that unless they were able to prove definitely that they were engaged in the carrying of a particular commodity they would not be entitled to get a licence.

May I illustrate it in this way: Take bale pulpwood for instance. A number of years ago these vessels, these bulk freighters who were carrying grain were probably engaged almost solely in the carriage of grain and coal. When there was a small volume of that business moving, they were forced to look around for other cargoes. If this Act had been in force and they had been unable to prove that they had previously carried bale pulpwood, I submit that the board would have no right or authority even to give them the permission of getting a licence. It may not be intended that the Act should be so stringent as that, but I think that is the construction that the board would be bound to put upon it. It is quite impossible for these vessels to anticipate what business they might wish to engage in two years from now. We may have another failure of the grain crop. There may be not sufficient bulk business with which to keep their boats busy, and the result would be that they would go to the board. They would have to develop new commodities, and they would go to the board and they would say, here is a new commodity that I can carry as economically as the present ships operating in that trade or as economically as or more economically than the railways and highway transports do, and I want a licence to carry that commodity. I say under the provisions of this Act they not having engaged in the carrying of these particular commodities within a twelve month period prior to their application, their application cannot be granted by the board.

Hon. Mr. HOWE: The Act says that the applicant must be bona fide engaged in the business of transport. That is all it says.

The WITNESS: Of a commodity.

Hon. Mr. HOWE: No.

The WITNESS: That is in section (a). I do not wish to labour the point.

Hon. Mr. HOWE: I think it is a point that should be laboured. You say that if you have not previously carried such a commodity you could never carry it unless you can show convenience and necessity. I do not think there is any such provision in the Act, I think that if you have engaged in transport at all that is sufficient.

The WITNESS: There must be some meaning in this Act to these clauses.

By the Chairman:

Q. What are you referring to; is it page 4 of the bill?—A. I am referring to sub-section 2 of section 5, clause (c):—

The extent of the user of such ships or aircraft including the capacity of the same to transport goods or passengers and the services maintained or performed by means thereof.

I think it can certainly be argued that these ships have not been used to the extent of carrying these commodities previously and consequently they are not entitled to engage in the business.

By Hon. Mr. Stevens:

Q. Would you say that sub-section 2 as presently drafted in the bill is designed to prevent vessels that have not previously operated on certain classes of cargo on a given route from getting permission to enter that route?—A. Yes.

Q. That is the way I would read it?—A. Yes. A simple amendment to secure the desired change must be made in these words: "the extent of the user of such vessel"—a simple amendment, if it is intended that all these boats should have licences we might say, "notwithstanding anything in this Act all vessels engaged in the transportation of goods prior to the coming into force of this Act shall be entitled to a licence". Then there would be no doubt about it. You can get into a great deal of trouble by using words that cannot be interpreted until after it is tested; and I think if it is intended that all these vessels now operated should get licences to carry any commodity they wish to carry, we can say it in some simple way such as that in the Act. I submit again that there is no reason why these vessels now engaged in the carrying of commodities should be deprived of that right. I come now to item 4:—

4. That the provisions contained in section 10 of the act violate the provisions of "The British Commonwealth Merchants Shipping Agreement signed at London on the 10th of December, 1931, and should not be enacted.

Article 11 of part IV of the Agreement provides that all ships registered in the British Commonwealth shall be treated equally and not less favourable in any respect than ships of any foreign country.

Unless all ships are entitled to a license to operate freely between ports, the result will be that one ship of a Canadian Registry may have advantage over ships of British Registry, and it is submitted that under the provisions of the British Commonwealth Merchants Shipping Agreement, no restriction should be made upon the operation of such ships.

By Hon. Mr. Howe:

Q. Just there I might say that when that agreement was drawn the then government took the stand that the Great Lakes were not the ocean and reserved the right to withdraw the Great Lakes from the agreement on notice. However, I think for the purposes of this Act no such action will be necessary. If that were necessary it can be done and would be done?—A. I mention it because on a previous occasion in presenting my opposition to the bill before the Senate committee dealt with that rather more fully than I do here. That agreement apparently contemplates that no such legislation should be passed which would in any way interfere with the boats of British registration operating on an equal basis with other ships within the territorial waters of Canada; and in this instance with respect to some of these vessels owned by companies I represent they are of British registry, and they I think will contend that the Act cannot restrict them in any way, because under the British Commonwealth Merchant Shipping Agreement we were entitled to operate freely. Section 11—

Hon. Mr. STEVENS: You said section 11, should you not correct that?

[Mr. G. P. Campbell.]

The WITNESS: Thank you, I said section 11, I meant section 10.

Section 10 of the Bill contemplates the licensing of ships to operate between particular ports. It is a well-known fact that the operation of ships is different from the operation of railways or most other forms of transportation. Mercantile fleets have been developed through the operation of ships over extended areas and ships must be able to operate freely between all ports. It is impossible to establish any regular service as there is not sufficient cargo available for transportation by water to warrant the operation of ships between any particular ports.

A few years ago small canal boats did not operate to the head of the Lakes, but owing to the small grain crops it has been possible for canallers to operate from the head of the Lakes to Montreal and lower St. Lawrence ports and to carry grain and other commodities economically.

The cost of transportation of grain is first influenced by the amount of return cargo available and in the past vessels carrying grain have been enabled to carry other products, thus enabling them to lower the transportation charges on grain. Although grain cargoes are classified as bulk cargoes and a ship carrying grain exclusively would not have to have a license, such a ship would have to take a license out as there are numerous goods generally classified as goods in bulk and carried in such ships which are not excluded under the Act and could not be carried by a vessel without a license.

These goods are:—

- Sugar—both raw and refined;
- Flour—in bags and barrels;
- Grain products of various sorts,
- Binder twine in bales,
- Iron and steel products—both loose and also in packages, such as nails, screws, bolts, etc. in barrels and boxes,
- Newsprint in rolls;
- Baled pulp,
- Timber and logs, also shingles in bundles,
- Baled hay,
- Pig iron,
- Scrap iron and scrap steel,
- Salt—both loose and in boxes and barrels,
- Sulphur.

I might say that I think I am correct in stating that it is necessary for these bulk freighters to sometimes carry goods in bags even when they are carrying bulk commodities. Mr. Howe, you might be able to correct me if I am wrong in saying in respect to the transportation of flax, I think they are required to bag a certain portion of flax when it is shipped.

Hon. Mr. STEVENS: That is for stowage.

The WITNESS: Yes, to prevent shifting.

Hon. Mr. STEVENS: For trimming the vessel.

The WITNESS: Yes. Technically under this Act we are prevented from carrying bags.

Hon. Mr. HOWE: I think you are wrong. I do not think they are using flax bagged on the Great Lakes.

The WITNESS: I see. I am not certain on the point.

Hon. Mr. HOWE: That is done in ocean liners. I do not think it is done on the lakes.

5. The cost of transportation of grain and coal by bulk freighters is affected by return cargoes so when bulk freighters are able to get other cargoes they can carry bulk cargoes at a lower cost.

Bulk carriers should be free to carry any type of goods which might be offered for the reason that water carriage is the cheapest form of transportation man has ever known and it would be folly and work a severe hardship on consumers in all parts of the country if ship transportation which is provided by bulk carriers is denied them and they are forced to pay the excessive rates demanded and which are properly necessary by other forms of transportation.

6. Lake vessels obtaining a license are brought under the control of the board of transport which is to be administered in accordance with the rules and regulations of the Railway Act as may be varied from time to time, and section 16 requires every licensee to file tariffs, which is not feasible so far as the operation of ships is concerned.

The provisions set up for fixing of tolls and licenses are not practical from a vessel owner's point of view as rates vary according to weather, facilities for loading and unloading, type of vessel and many other factors.

No regular service is maintained by vessels and rates can often be lowered for the benefit of the consumer and shipper when return cargoes are available, whereas if return cargoes are not available rates have to be slightly higher.

It is also important to note that as it is essential to keep vessels in operation any uniform tariff of charges would be injurious to the shipper and would often result in a vessel being tied up and men out of employment, whereas if charges can be lowered vessels could be kept in operation.

The cost of insurance is also an important factor and as the insurance on vessels is extremely high, it is important that they be kept operating and earning some revenue at all times. The changing of tariffs and tolls under the provisions of the Railway Act is cumbersome and would not be suitable for operation of vessels.

Steamship companies cannot operate like railway companies as railways can drop railway cars without tying up a whole train and unless goods are unloaded within a stated time demurrage charges are added, whereas if a vessel is held up in unloading any portion of the cargo the whole operation ceases and its expense continues until unloading is completed and vessels operating on the Great Lakes seldom charge demurrage.

And now, if I might refer to this section 16, and answer some of the questions as to why we do not apply for licences. Part 4 of the Act, section 16, says:—

- (1) Every licensee shall be governed by the provisions of this Part in respect of tolls to be charged for the transport of goods and passengers.
- (2) Any tolls may be either for the whole or for any particular portion of the route of the licensee.

Now, under section 17 a procedure is set up for the licensee passing by-laws authorizing a new tariff to be filed, or authorizing an officer of the corporation to file a new tariff. In section 17, sub-section 4, it says:—

If the licensee is a corporation, no tolls shall be charged by the licensee or by any person in respect of the transport of goods or passengers until a by-law authorizing the preparation and issue of tariffs of such tolls has been approved by the Board; or, whether the licensee is a corporation or not, unless otherwise authorized by this Act, until a tariff of such tolls has been filed with, and, where such approval is required under this Act, approved by, the Board; or until any other requirements of this Act to bring such tariff into effect have been complied with; nor shall any tolls be charged under any tariff or portion thereof disallowed

[Mr. G. P. Campbell.]

by the Board, or which has not been brought into operation in accordance with the provisions of this Act, nor shall the licensee charge, levy or collect any toll for any service except under and in accordance with the provisions of this Act.

Now, any one of you who has any knowledge of shipping can understand the cumbersome method confronting the steamship operators in fixing tariffs and charges. Naturally, many of these companies are operating independently. Many of them operate one, two or three vessels, and they would have to have a traffic department. These are complicated matters involving a study of costs of transportation, but so far as ships are concerned you cannot operate and maintain a regular service. If I might illustrate; a ship picks up a cargo at Fort William and carries it to Montreal. They may have filed a tariff of certain rates from say Montreal to Midland. They filed this tariff to carry any commodity, you might say, on a return trip. They unload in Montreal and someone comes along with several tons of a particular commodity and they say to this vessel, you have filed a tariff, you are licensed to operate under the Act, you cannot discriminate, we want you to take these several tons of this commodity and drop it at Midland. Now, this ship which has come from the head of the lakes to Montreal might wish to go back again to the head of the lakes, but under the provisions of this Act if they are licensed and if they have filed a tariff, then they must carry that commodity and go down into the bay which takes them a long distance out of their way.

Now, I submit that this bill is to make common carriers out of the steamships. Steamship companies have never operated as common carriers, and it is not feasible that it should be so. You can quite understand that the railway companies can take that tonnage because they can fill up a car; they have trains operating between these particular points all the time on a regular service; they can pick up this commodity. But, if we file a tariff, I submit that under the provisions of this Act, as soon as we file a tariff and obtain a licence we are common carriers; and anyone who comes to us and says we want to carry this portion of cargo, you must carry it.

By Mr. Maybank:

Q. No matter where that cargo is assigned to?—A. That is my submission.

Hon. Mr. HOWE: That is not the fact. We did not put in any of the clauses applying in the Railway Act that would make these vessels common carriers. We only say they should provide reasonable accommodation for the carriage of goods. I think the way the witness presented it is stretching the point.

Mr. MAYBANK: You could be forced to take in other ports whether they are on your direct route or not; you say that is not intended.

Hon. Mr. HOWE: No.

The WITNESS: I might say that the definition of a common carrier in law is so well established that I would be perfectly prepared to argue.

Hon. Mr. HOWE: Where are boats mentioned as common carriers?

The WITNESS: You do not have to define a boat or a railway company or any person else as a common carrier. You are a common carrier in a matter of law if you hold yourself out to transport any particular commodity at a tariff rate. Now, I submit—and I feel that I am perfectly right in this—that if we obtain a licence to carry all commodities, and if we file a tariff between say Montreal, Midland, Hamilton and Toronto, the minute we have one of our ships in Montreal anyone could come along with a cargo and say to us, here is your tariff, it is an offering to the public to carry goods between these ports at certain rates; you have made that offer, you are licensed to do so; here is my cargo, you have to carry it.

By Mr. Maybank:

Q. You would have to be able to quote that tariff on a "if as and when" basis, in order to get away from it?—A. Yes. I do not think it is possible to cover that. You have first got to get the approval of the board. That is why the problem of shipping is so entirely different from that of the railways and motor-truck transportation. I submit it is not feasible. We have here this morning Captain Foote, who is probably the dean of shipping in this country now, and he can speak specifically with respect to such matters.

By Mr. Edwards:

Q. In the illustration you gave, could you not refuse to carry that cargo around into Midland away off your course?—A. If we were a common carrier—and I cannot see any reason why we would not be a common carrier if we take out a licence—we could not refuse, and we are liable for damages if we do refuse; and we have fought strenuously, so have the lake carriers in the United States, against being classified as common carriers. We are private carriers; because it is necessary in connection with the business that we are carrying on that we should be private carriers and that we should be entitled to make our contracts, because we do not know from day to day where our boat is going to operate. We are not operating on a definite schedule—and that answers another point raised I think by Mr. Parent—there is no definite schedule. We pick up a cargo of American grain at Duluth today. We bring it down to Montreal. We may go back to the bay—bring a cargo from the bay ports to Montreal. We may go to Chicago. We may go to the head of the lakes. This is a tramp service that is in existence.

By Mr. McKinnon: (Kenora-Rainy River)

Q. Do the American ships operate under the jurisdiction of the Interstate Commerce Commission?—A. No, they do not, except where they are tied with the railways.

By Mr. Maybank:

Q. Assuming, as I think it is clear is the case, that no such intention—at any rate such as you are suggesting—exists in this Act, would you say it would not be difficult to negative the idea that by fighting the tariff you become a common carrier? It would not be difficult to negative that idea?—A. I am afraid that it would. A common carrier is a matter of legal interpretation of the facts. I do not think that a statute which says that we shall not be a common carrier would be sufficient protection. I am not prepared to answer that.

Q. Why not say, "Nothing in this act required by the shipper shall be construed as making him a common carrier." That is pretty rough, of course.—A. I think an amendment might be prepared which would go so far as to say that ships would not be required to take any cargo that was offered to them, that nothing in this Act shall be construed as rendering it necessary for such ships to carry it and that they would have the privilege of refusing.

Q. So their tariff could be if, as and when?—A. Yes, so far as that is concerned.

Q. That is my point.—A. Then you come to this point: the tariffs to be filed by vessels cannot be changed. I mean, they can be changed under certain procedure; but if a vessel is at Montreal or Three Rivers, and a cargo is offered to them, unless they have filed a tariff and obtained approval of the tariff, they cannot take that commodity. It has probably been argued that it is very easy for us to frame a tariff to cover tariffs from any ports for the carriage of any given commodity, but again you find, insofar as ships are concerned, that some of these ships are able to carry commodities more econom-

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ically, much cheaper than others. They can probably take a cargo at Three Rivers, if they are down there with a load of grain, or at Quebec, cheaper than they could make a trip to go down to get it; and there has been this shading of prices. There is no question about that. But, again, if they get a return cargo even at a lower price than probably the other forms of transportation would say they are warranted in taking, it helps to enable them to reduce the price on grain and the larger commodities. You can easily see that, so far as the ship is concerned, the return cargo is all velvet, I might say, irrespective of at what price it is carried.

By Hon. Mr. Howe:

Q. You are confident that if they had this, they could reduce the price on grain; is that it?—A. My answer to that is that these vessels, which have been operating for a number of years when there has been a very short grain crop, have rendered a service to the country on an economical basis. They have done it without any assistance from outside by way of franchise or subsidy.

Q. They have had a good many free canals, though.—A. Of course, when the canals were built we heard a great many arguments advanced that it would benefit the western farmer to get his wheat down cheaper to the seaboard.

Q. Could we not discuss this leaving the western farmer out of it? I do not think he is much involved.—A. With all due respect, I think he is involved.

Mr. Mutch: He is probably the most interested spectator.

The Witness: I mean to say, you will all realize that it is difficult for a person who is not engaged in this business and does not understand the operation of these ships over a great period of years, to see the effect that such legislation might have. In passing, I might say—subject again to correction, but I think I am perfectly right in saying it—that I do not think any one can point to any control over shipping anywhere in the world of a character of this kind. So far as the control in England is concerned, when the agreed charge section was brought into the bill, it was not to apply to ships and shipping. The mercantile fleets of Great Britain had been built up through freedom of tariffs. They go from London to Hong Kong and Vancouver and wherever they can get cargoes. It is a tramp service, an economical tramp service; and that is a service that has benefited this country on the inland waters of Canada.

By Mr. Edwards:

Q. How is that class of service handled in the United States on the Great Lakes?—A. It is absolutely uncontrolled. The vessels are privately owned and are enabled to operate freely between whatever ports from which they can get cargoes.

Q. They are not licensed?—A. No, they are not licensed. There is no licence.

Hon. Mr. Howe: There has been a bill before Congress for two years concerning this same thing. It is true the bill has not passed, but it is sponsored by the chairman of the Interstate Commerce Commission.

Mr. Edwards: They have not been able to get the bill through?

Hon. Mr. Howe: It has never reached the committee stage, as a matter of fact. I have not followed the argument at all.

The Witness: There has been strenuous opposition to the proposed legislation in the United States.

By Mr. Parent:

Q. Mr. Campbell, the example you gave a moment ago was as to a company being obliged,—if the company is licensed,—to take a shipment of some kind for a port where the ship is not likely to stop on its way back?—A. Yes.

Q. The shipper would not know when the goods would reach the destination. It would be up to the carrier either to accept the cargo or to refuse it.—A. If you take a cargo, and you do not intend to go into that particular port to discharge that cargo, then you cannot take on another cargo without discharging; so you have got to call.

Q. But will the fact of having a licence bind the ship to stop, if the ship is not running on a schedule of time to the different ports?—A. Oh, yes. I would say so. I would say that it is within the contemplation of the parties that the cargo shall be expeditiously delivered. I mean, it is the same as a railway company which might pick up a cargo in Montreal and not discharge it in Toronto, but take it through to Vancouver and back. I think they would certainly be liable if there was any loss sustained by doing that.

Q. I understand that the ships are not running on a schedule of time to any port?—A. That is quite right.

Q. Then a shipper cannot oblige the ship to take the goods on that very trip back?—A. Not at the present time.

Q. No. Then he would not know when the goods would reach the destination, if you were obliged to take it. It might take six months before the ship ran up to that particular port?—A. At the present time they protect themselves by an agreement. As a matter of law, the ship is not permitted to deviate. I mean, the law is very definitely settled with respect to that. If I take a cargo from here to Fort William, for instance, I cannot deviate by going into another port.

By Mr. Hamilton:

Q. That is, with respect to a single cargo?—A. A single cargo, yes.

By Mr. Parent:

Q. But take what you would call less than a carload lot—say six tons or ten tons, for instance, with a destination at a port where the ship is not supposed to land on the way back, on the return trip?—A. Yes.

Q. Then you are not obliged to take those goods, or even if the law obliges the company to accept the goods, the shipper would not know when the goods would reach the destination.—A. Well, that is hardly correct; because if a shipper puts goods on my ship consigned to Midland, I am definitely under obligation to take them to Midland as expeditiously as possible. There is no question about that.

By Hon. Mr. Stevens:

Q. Once you have taken a cargo, you have got to deliver it under the bill of lading as quickly as you can?—A. Yes.

By Mr. Parent:

Q. As quickly as you can; but there is no schedule that the ship will stop or will land at that particular port on their trip back?—A. There is no schedule. I mean, there is no guarantee that you will do it within a specified period.

Q. They have that experience in shipping to South African ports, for instance?—A. Yes.

Q. Ships on some particular trips will stop at one port, and will not stop there on another trip?—A. Yes.

Q. Then the shipper is not sure when the goods will reach the destination?—A. He protects himself by contract, by private contract.

Q. Well, that is all right.—A. That is the procedure that is followed now. It is all done by private contract.

Q. Well, I do not see that the licence is a prejudice against that situation.—A. If I may put it this way to you, you are suggesting I could take a cargo [Mr. G. P. Campbell.]

at Montreal for Midland and that I could go to the head of the lakes, pick up a cargo, come back to Montreal, and probably a month later drop this cargo at Midland?

Q. Yes.—A. I would definitely be liable for damages. There is no doubt about that.

By Hon. Mr. Howe:

Q. Would you not say to the shipper, "We are not stopping at Midland, and therefore we are not accepting a cargo for Midland?"—A. Yes.

Q. You would not sign a bill of lading to put a cargo off at Midland unless you were stopping there. There is nothing in the Act to compel you to do that.—A. If I file a tariff and hold myself out as carrying goods under the tariff. If I do not file a tariff, I am clear. If I file a tariff holding myself out to carry goods from Montreal to Midland, and you tender goods, I must take them to Midland.

Q. Oh, there is nothing in this Act that says so.—A. It is the law.

By Mr. Parent:

Q. If there is a tariff filed, and there is no schedule of the times of stops at the different ports, it is up to the shipper?—A. If I do not file a tariff, I am perfectly clear.

Q. It is up to the shipper.

By Mr. Maybank:

Q. Your contention there is sound, and it is certainly not the intention, which is easily taken care of.—A. Yes.

Q. If that is the case, why worry?—A. No. 7.

7. That the provisions of the Bill exempt ships engaged in ocean transportation and should also exempt all bulk freighters engaged in any form of transportation.

The provisions of Section 12 exempt ships engaged in the transport of goods and passengers between Ports or places in British Columbia, Ports or places in Hudson Bay, Nova Scotia, New Brunswick, Prince Edward Island and the Gulf and River St. Lawrence East of Father Point.

It is pointed out that the Canadian bulk freighters have rendered an efficient and economical service to shippers in Canada and have enabled the Western farmer to ship grain at low cost and have operated without subsidy and during the period of depression and low crops have suffered great losses. The business in which these vessels engage is of such a character that they should not be subjected to any greater restrictions than vessels trading between Ports or places in British Columbia, Hudson Bay or the other places named in Section 12 of the Bill.

If bulk freighters operating within the territorial waters of Canada were exempted in that section of the bill, the same as these ships are, and bulk freighters were defined, then it overcomes any objections that we have to the bill.

It is submitted, therefore, that Section 12 should be amended so that the provisions of the Bill will not apply to vessels engaged in the transportation of goods in bulk regardless of the class of cargo carried by such vessels.

8. The provisions with respect to agreed charges are new in character and when brought into force in England were applied to railway and motor transportation but not to water transportation.

I might say that in looking at that section, I think again that probably it was intended, Hon. Mr. Howe, that bulk freighters should not be affected by that section.

Hon. Mr. HOWE: Well, it gives the same provision; if the bulk freighters want to go into the package freight business defined in the Act, they come under this section as well.

The WITNESS: Yes. Well, so far as freight is concerned and bulk commodities?

Hon. Mr. HOWE: Oh, no. Those are outside the Act entirely.

The WITNESS: I might draw attention to the provisions of this Act which I think have been overlooked.

By Mr. Bertrand:

Q. Which section?—A. Section 35, agreed charges. It reads:

Notwithstanding anything in the Railway Act, or in this Act or in any other statute, a carrier may make such charge or charges for the transport of the goods of any shipper or for the transport of any part of his goods as may be agreed between the carrier and that shipper.

Down to that point, it says that any carrier may make these contracts. Now, in the former part of the bill the word "licence" is used but here "carrier" is defined in the section on interpretation as follows:

"Carrier" means any person engaged in the transport of goods or passengers for hire or reward to whom this Act applies, and shall include any company which is subject to the Railway Act.

The interpretation clause includes bulk carriers. The point I am making is that "carrier" in the interpretation refers to bulk carrier. This being a Transport Act, the bulk carriers are brought within the provisions of that Act, under that description. Now, as I say, I think it was an oversight in the bill.

Hon. Mr. HOWE: Let us assume that it was; because if it was not, it is not intended to apply to bulk goods as defined.

The WITNESS: You see my point?

Hon. Mr. HOWE: Yes.

The WITNESS: Yes. We make all our contracts, of course, by private agreed charges; and if the Act is allowed to remain as it now reads, we would have to get the approval of those agreed charges by the board which, as I say, I do not think is intended.

By Mr. Maybank:

Q. If you do not take out a licence, then you carry on under agreement?—

A. Yes.

Q. If you carry on under agreement, then you are under 35?—A. Yes.

Q. The way it stands?—A. Yes. But we should not be under 35.

By Mr. Hamilton:

Q. Is there not the same danger of discrimination as against shippers, as far as some boat companies are concerned, as there would be with any other carriers? Looking at it from the shipper's angle on these agreed charges, could there not be conditions and understandings whereby a shipper would be discriminated against in favour of another shipper?—A. Well, I was not going to say a great deal on agreed charges because bulk freight—

Q. No, but just in passing. The discussion here the other day was to some extent on discrimination as affecting the different shippers. The shippers, as I understand it, make their agreements with the carriers direct, private agreements; and they are not subject to any supervision at all. That is correct, is it not?—

A. Yes, that is correct.

[Mr. G. P. Campbell.]

Q. And under this Act, that continues as it is?—A. Yes, that is right. In dealing in conclusion with the agreed charges in the section of the Act, if bulk freighters are required to take out a licence in order to carry other commodities, then we have certain objections to the agreed charges clause. We are placed in the position where we can only operate for a certain season of the year. It has been the practice in the past for the railways to meet that competition by establishing a rate between certain points during the open season of navigation. Under this agreed charges section they would be able to make a rate probably slightly higher than the rate that has been previously charged throughout the whole year and take a contract, and they would take a contract on the basis of saying to the shipper, "I will give you this rate providing you agree to ship with me throughout the navigation season as well as in the winter." That is, I think, holding a club over his head, to a certain extent; and it certainly will have the effect of depriving the boats of a good deal of business. As I say, the railways now meet this competition by reducing the rate during the open season of navigation, and at the close of navigation the rate goes up again. Now, the railways have that provision under the Railway Act as presently constituted; and so far as the agreed charges in this section of the Act is concerned—I listened with great interest yesterday to the brief presented, and I cannot see why the railways cannot get what they require by a very slight amendment to the Railway Act, rather than by introducing a new section here which affects all other forms of transport. As I understand it, all that is being asked is that they be permitted to make an agreement with the carrier, and that that agreement be subject to review of the railway board. It seems to me that a very slight amendment to the Railway Act would meet the situation, because it is just one step further than the provision under the present Railway Act by which they may file competitive tariffs. It is a fact that they file competitive tariffs now between competitive points, and it is anticipated by this Act that they will be entitled to enter into agreements whereby a man gets a rate on the transport of a certain commodity providing he gives them all his business or a portion of it that they may stipulate. There must be some purpose that the railway companies have in mind in asking for this section; and the only purpose that I can see it to be enabled to enter into contracts so as to take a certain amount of business from other forms of transportation.

By Hon. Mr. Stevens:

Q. That would be applicable chiefly to the bay ports?—A. I think so, and chiefly to packaged freight.

Q. Would it apply to the bay ports on grain, for instance, the special rates that are given during navigation seasons?—A. I do not think so. There has been co-operation between the boats and the railways with respect to the movement of grain to bay ports and from bay ports by rail down here. I think the railways will admit that there has been co-operation. There has also been co-operation between the railways in connection with an all-rail rate on flour.

Q. You do not think your argument would apply to grain?—A. No.

By Mr. Isnor:

Q. Mr. Campbell, you say the railways asked for this; I understand this was proposed by the Minister of Transport.—A. I did not say the railways asked for it, not by any means. I say that the railways are asking that the agreed charges section be adopted.

Q. They approve of it?—A. Well, they advance it. They do more than that. They say it is a regulation or a relaxation that they ask, so far as the regulations now in force are concerned. They say the regulations under which they operate are a little too stringent in certain respects.

By Mr. Bertrand:

Q. The railways want to compete with these other forms of transportation, that is all.—A. Yes.

By Mr. Howden:

Q. If the railways give a contract to an individual for the carrying of all his freight, they must necessarily meet your rate if they are going to satisfy the shipper?—A. Not necessarily. I would say that it would work in this way: There is a rate, a competitive rate, we will call it, existing between a vessel and the railway during the open season of navigation. Now, as soon as navigation terminates, that rate goes back to its former amount. Now, they could come along and say, "If you as a shipper agree to ship with me all year, I will make a contract by which I will give you throughout the twelve months a slightly higher rate than you now pay the vessel, but I will carry your goods during the winter as well as the summer."

Q. Well, that is their own lookout. I do not see anything very faulty with that, really.—A. No, except this: We object by reason of not being able to make a twelve-month contract. We can only operate, on account of geographic conditions, about seven months in the year, and we have enjoyed this business. I think every person will admit that water transportation is cheaper than rail transportation, and we can afford to carry a commodity during open seasons of navigation at a lower figure. Now, they can get that traffic away from us—

Q. I follow all that, but still on the other hand the shipper is the chooser in the matter.—A. Oh, yes.

By Mr. Heaps:

Q. Mr. Campbell, do I understand that the companies you are representing here this morning are opposed to any form of control or regulation of traffic on the lakes?—A. Well, I think that I have said that we are opposed to them because we do not consider this practical at all. I have directed most of my brief to opposition of the bill, and I have certainly not advanced any arguments in favour of it. I say that we are controlled under the Canada Shipping Act. We are licensed to operate under the Canada Shipping Act, but there is no control over rates except so far as the maximum rates are concerned.

Q. Would you tell me something about the cost of transportation by water? What expenses have the shipping companies in regard to maintaining ships on the Great Lakes, canals, and so on?—A. Probably Mr. Howe's department will have the figures of the amount that is paid for dockage charges. We operate through the canals freely. There are no toll charges in the canals whatsoever.

Q. All you pay are the dockage charges, and so far as any costs are concerned in connection with water transportation there is no charge?—A. No, there is no charge whatever.

Q. And there are no tolls on the canals?—A. No; no tolls on the canals.

By Mr. MacInnis:

Q. You are opposed, Mr. Campbell, to any regulation over the shipping companies, and you are also opposed to any modification of the regulations so far as the railways are concerned?—A. No, I am not.

Q. Would that not be the objection to the agreed charges section of the bill?—A. No, my objection to the agreed charges section is that it covers all forms of transportation. I said that the power could be obtained by the railways under the Railway Act, by very slight amendment. But this section applies to all forms of transportation that are included in the bill,—water, air and rail.

By Hon. Mr. Stevens:

Q. If you can be satisfied that you are not included in part 5, then you have nothing to say about part 5—A. No.

[Mr. G. P. Campbell.]

The principles sought to be brought into force by the provisions of this section are of an experimental character and have not been tried and tested and have never been applied to transportation by water. If such provision is required by the railways in connection with rail transportation, it could be obtained by amendment to the Railway Act.

Water transportation in Canada is limited in character by reason of the short season and vessels are not in a position to enter into long-term contracts on account of:

- (a) being able to operate only during part of the season and not being in the same position as ocean vessels and railways which are able to operate the year round;
- (b) transportation by water is much slower than transportation by rail or truck and under the section of the Act as drawn it would be open to the railways to enter into long extended contracts to the prejudice of ship owners as ship owners could only enter into contracts for the period of the navigation season and as licences are only to be granted from year to year, they could not enter into contracts beyond the period of one year as the licences might later be refused.

The origin of railway rate regulation was for a definite public purpose. It was to protect the public against exorbitant freight rates as railways were at one time much more monopolistic in character than they are to-day. The provisions of the Railway Act and the rules and regulations of the Board of Railway Commissioners have been designed to fix uniform and fair rates having regard to the service rendered and the cost of operation.

Prior to the formation of the railway board, it was permissible for railways to enter into secret deals with favourite shippers which had the effect of preventing the free play of competition not only in transportation but in the production and distribution of goods carried by railways. These conditions, of course, no longer exist. There are many other competing forms of transportation and the effect has been to decrease rates to the general benefit of the shipper and the consuming public.

It is therefore submitted that legislation and rules and regulations to control and regulate business should only be imposed by governments for either:—

- (a) The benefit of the particular industry involved;
- (b) The benefit of the public generally.

It is therefore important to determine the benefits, if any, to be derived from the enactment of the transport bill. The fact is that the railways are presently under the jurisdiction of the railway board which has been specifically formed and rules and regulations enacted for the purpose of dealing with railway problems.

It is important to ask whether or not the railways find their operation under the board beneficial or is it curtailed so that they are not able to carry on business efficiently and economically and to their own interest as well as to the interests of the public. Is it the railways which are asking to have other forms of transportation brought under the control of the Board of Railway Commissioners who will be later constituted the Board of Transport. If so, what advantages will such a scheme have so far as the railways are concerned. The fact is that the motor trucks offer more competition to the railways than any other form of transportation.

Travel by water is economical and should not be prejudiced or in any way discriminated against. Water transportation and rail transportation are two entirely different forms of transportation, requiring to be dealt with differently and it is felt that the Board of Railway Commissioners as now constituted is not qualified to deal with the problems of water transportation.

In conclusion, it is submitted that no benefits will be derived by the shipping companies, the shippers, or the public generally through the enactment of the proposed bill and the fact is so far as transportation by water is concerned, any such control over transportation will be prejudiced and have the effect of curtailing water transportation and increasing transportation costs.

By the Deputy Chairman:

Q. Mr. Campbell, during your brief you have mentioned three specified amendments; will you be kind enough to draft them?—A. Yes.

Q. And file them with the clerk for the consideration of the committee later on?—A. If a note could be made now I will give you the specific amendments, but with respect to the last part of the bill—

Hon. Mr. HOWE: Part 5.

The Witness: I suggest that a clause be put in there similar to section 34.

By Mr. Howden:

Q. Mr. Campbell, I understand that the substance of your objections is that no ships can strictly qualify as being bulk carriers under the provisions of this bill, and as not being bulk carriers all ships must take out a licence.—A. Well, that is a fact, but I would like to put it a little differently; that I submit that bulk carriers should be entitled to operate freely and carry whatever commodities they are capable of carrying; and that under this bill they are not permitted to do so.

Q. They are not strictly bulk carriers under this bill?—A. I suggest that goods in bulk might be defined in such a manner that it could be extended, but I will be very glad to draft that.

Q. You make an additional contention, that once they are licensed they will be obliged to act as public carriers?—A. Yes.

Q. And render a service which will not be economical or possible to them as bulk carriers?—A. I may say that my advice to the parties I represent would be not to take out a licence and to give up this business that they have previously enjoyed, because if they are classified as common carriers they will be confronted with liabilities that would not warrant them attempting to get this business.

By Mr. Johnston:

Q. But there is no regulation in regard to rates whatever of the shipping companies; they have agreed charges all the way through?—A. Absolutely free-lance, except so far as maximum rates on grain are concerned.

Q. There should be no particular objection if there were regulations regulating rates for shipping providing the law only provided for shipping and had nothing to do with any other forms of transportation?—A. I think it might be worked out in such a way. It is pretty difficult. After all, we have the experience of the British Empire in the matter of shipping over a great period of time, also the experience of other countries, and we have never found that they have attempted to control or restrict in any way shipping with respect to the fixing of rates.

[Mr. G. P. Campbell.]

Q. You are taking in a much larger territory when you speak of the British Empire than when you speak of transportation on the Great Lakes. It would not be nearly so difficult to regulate transportation on the Great Lakes?—A. It might work out. It is important to note that there has been no one that I know of, no shipper, no consumer, no representative of the boards of trade, that has come forward and advanced any grievances against the shipping companies. I think I am safe in saying that the shipping companies have operated in such a manner that no one has objected to the way in which they carry on business.

Q. The main reason being that rates for water transportation are cheaper than rail rates?—A. Yes, and they should be, and they will continue to be. There has been this free competition between a great many companies that are operating.

By Mr. Hamilton:

Q. When you say "bulk carriers," you have reference to the bulk carriers as indicated in your brief, and that is the extent of the classification?—A. I refer to all water transportation.

Q. Well, is it your idea, when you say "bulk carriers," that they should be entitled to carry package freight?—A. Yes, if they are capable of doing so. Many of them do not carry package freight, but they do carry the items I have mentioned in my brief which would be classified or not classified as goods in bulk under the Act. In other words, the least that should be granted to these companies is to extend the definition of "goods in bulk," so as to include the articles that they have heretofore carried.

By Mr. Parent:

Q. Mr. Campbell, there is no conference regarding rates in connection with the transportation of goods in bulk, there is no conference like the Atlantic or Pacific conference?—A. No.

Q. Each company has its own?—A. Each company has its own.

Q. And operates on its own rate?—A. Operates independently on its own rate.

Q. On individual contracts?—A. Yes, and it has not been to the advantage of the companies to do so in the past.

By Mr. O'Neill:

Q. Mr. Campbell, in speaking of agreed charges, you seem to fear that if this Act went through and agreed charges were permitted the railways companies would say to a shipper, "Well, now, we will handle all your freight all the year round for a certain rate;" and that you can only operate for probably seven, eight or nine months in the year. So that you seem to think that that would act as a club over the head of the shipper. Now, have you any amendment or suggestion that would overcome the unfair discrimination that exists at the present time? A boat can go from Fort William to Montreal and then be permitted to pick up any freight which it sees fit to pick up in Montreal and carry it to any port on the Great Lakes at whatever rate they choose to set. The railway companies have a tariff which forces them to charge \$52 a ton from Montreal to Fort William. You could come along and say, "I will take that for \$25 a ton." The railway companies must publish their tariffs. Now, have you any suggestion to offer that will overcome that very unfair advantage which exists at the present time?—A. Simply this, that water transportation is admitted by so much lower than rail transportation that I submit it is quite impossible for the railways to compete with water transportation economically under such circumstances. It is admitted that the railways render a much faster and better service. We cannot compete with railways, for instance, on a

movement between Toronto and Montreal. The railways can take business from us of a character that requires speedy transit, and they get higher rates for it. I would submit that it would be most disastrous for the railways in this country to try to meet water competition under all circumstances.

By Mr. Bertrand:

Q. No, but you cannot reasonably ask that the railways be put in such a position that they cannot compete—A. I did not catch the last part of your question.

Q. You cannot reasonably ask that the railways be put in such a position that they cannot compete with you when you have the right to cut below their tariffs?—A. Oh, no. As I have said, I do not want to speak on the railway question too much. The railways, I think I am correct in saying, have power under the present Railway Act to file competitive tariffs. If we are taking business from them at a price at which they want to carry goods between Montreal and Fort William, the present Railway Act enables them to file a competitive tariff on that road.

Q. Yes, but you can always beat them in summer?—A. Yes, but the railways will recognize the fact that that is not our fault.

By Hon. Mr. Stevens:

Q. Is not the principle of water competition a well established, recognized factor in the establishment of rail rates?—A. Yes.

Q. It is an old and well established and accepted position. There is no question of competition between rail and water transportation?—A. No. I think I am correct in saying that there has been great harmony between the railways and water transportation companies, and these problems that I mentioned as confronting the railways have been created not as a result of our water transportation, but as a result of truck transportation.

By Mr. Bertrand:

Q. The bill is going to be beneficial to you, and you will have less competition in the future.—A. I cannot see it that way.

DEPUTY CHAIRMAN: Gentlemen, the second name I have on my list is the Lake Shipping Companies. Have they a representative here?

GEORGE R. DONOVAN, Secretary-treasurer of the Canadian Lake Carriers' Association, called.

By the Deputy Chairman:

Q. Will you state your position, Mr. Donovan?—A. I am the secretary-treasurer of the Canadian Lake Carriers' Association.

By Hon. Mr. Stevens:

Q. Whom do they represent?—A. They represent about fifty-five or sixty of the bulk carriers on the Great Lakes, Canadian vessel owners.

Q. Can you name the companies?—A. The Meisner group, the Leech group in Toronto—

By Hon. Mr. Howe:

Q. The same companies as are represented by Mr. Campbell?—A. Pretty much the same as the companies represented by Mr. Campbell, yes.

Hon. Mr. HOWE: They are exactly the same.

The WITNESS: I think they are exactly the same, there may be one or two exceptions; pretty much the same.

[Mr. George R. Donovan.]

What I have to say may be to a certain extent a repetition of what Mr. Campbell presented. However, I would like to have this on the record.

The Canadian Lake Carriers Association is opposed to Part II of the Bill which deals with Transport by Water.

We submit:

1. That our ships are at present licensed to engage in the coasting trade of Canada under the Canada Shipping Act and that any further system of licensing is an unnecessary inconvenience and expense.

2. That any attempt on the part of the Government to restrict the trading limits of and commodities to be carried in our lake ships will inevitably result in higher cost of water transportation to the public.

3. That lake shipping to be conducted economically and efficiently is not adapted to a system of Government rate regulation. Space is provided where cargoes are offering and freight rates must fluctuate more or less according to supply and demand, quantity and return cargoes. Moreover, most of our lake vessel owners have no facilities for the preparing and filing of rating tariffs and representation at meetings to adjust such matters. This added expense would have to be added to the freight rate.

4. That it is unfair and unjust to pass legislation forcing our bulk carriers into the category of common carriers. We now charter space by private contract and are not equipped to assume the obligations and liabilities imposed by law upon common carriers.

Water transportation is the cheapest method of moving goods yet devised. Lake shipping in the carriage of food, mine and forest products alone is a highly important factor in the cost of living in Canada. Its importance to the western farmer and the eastern manufacturer can hardly be exaggerated. We believe it to be in the best interests of the public to allow it to function freely as at present.

While we, as bulk carriers, are interested primarily in the carriage of bulk commodities, some of which are excluded under Section 2 of the Act, we are apprehensive of any plan of licensing or rate control by the Government, even as it pertains to package freight. It is a tremendous innovation and a system which we believe will incline to grow rather than diminish and will add needless expense to our operations and to the cost of water transportation to the public.

The CHAIRMAN: Are there any questions, gentlemen?

By Mr. MacKinnon: (Edmonton West)

Q. We have heard quite a bit in previous sittings regarding the possible discrimination by the railroads as between one shipper and another. Now, in connection with the people you represent is it a fact that you may carry goods say from Montreal to Fort William at say \$5 per ton for one shipper and say another consignment from another shipper at \$2.50 a ton?—A. My answer to that is that the business is competitive, and that rate finds its own level.

By Mr. Johnston:

Q. If this section passes what is there to stop a shipper from going before the Transport Board in competition with the railways and get a rate which would compete with the railways?—A. The shippers I take it Mr. Chairman would be free to make whatever competitive rates they wished—

Q. There is no regulation in regard to rates of water transportation; that is not saying that the rates for water transportation are not still too high. They might possibly be prepared to come down lower than they are and still

enable you to make a profit. What do you say as to that?—A. I think competition takes care of that. It is generally conceded that water rates are too low. The financial statements of the shipping companies will bear that out.

By Mr. Isnor:

Q. I wonder if witness would be a little more definite with regard to the question asked by Mr. MacKinnon (Edmonton West); is it a fact that differences in rates as great as 50 per cent are actually made?—A. On the little lake vessels he will have—

Q. That is not an answer.

By Mr. Young:

Q. The question was this: Two shippers of the same commodity from Montreal to the same point, maybe one is a little larger than the other, is it the practice of vessels to give different rates under exactly similar circumstances?—A. That is purely a matter of competition, Mr. Chairman. It is well known that the rates on most of the commodities carried are on a competitive basis. If a rate of 6 cents is given to a grain shipper to-day other shippers on the Winnipeg exchange can go out and charter tonnage at that same rate, the rate is established. Whenever the rate goes down he receives the benefit of the same rate, and if the rate goes up he has to pay the higher rate. That is determined entirely by competition, which in turn is governed by the law of supply and demand.

By Mr. Johnston:

Q. I gather from your answer that it is a fact that different rates are given to different shippers under the same conditions at the present time?—A. Generally speaking, that is so. Yes.

By Mr. Young:

Q. What I had most particularly is this: On the same ship on the same day on the same commodity, two shippers in Montreal shipping we will say to Fort William, one may be just a little larger shipper than the other, or a more frequent shipper; do the steamship companies to-day give different rates to the two classes of shippers?—A. It is quite possible but not very probable, Mr. Chairman. Quantity is a factor which enters into the fixing of rates of bulk cargoes. The bulk carriers can afford to take say 2,000 tons from Montreal to the head of the lakes at a lower rate than they can afford to take 1,000 tons, because he has no other cargo to carry and would not be able to fill up his ship.

By Mr. Howden:

Q. Is it not a fact that shipping companies will negotiate for the best rates they can get?—A. It is all done by private contract.

Q. They will get as much as they can get and no more?—A. As much as they can.

By Mr. Edwards:

Q. In other words, the carriers can all bid for the business?—A. Yes. It is free competition.

Mr. O'NEILL: Mr. Campbell in giving his evidence seemed to be very fearful that the railways on account of their being able to operate the year around—and they must operate the entire year—would have an advantage over the shipping companies who can only operate from 7 to 9 months of the year. He seemed to fear that they might make rates which would be highly competitive to the boats. It seems to me that the present witness (Mr. Donovan) has been

[Mr. George R. Donovan.]

abundantly fair in stating that with a shipper in Montreal who may have two or three hundred tons of freight to ship in six or seven months might be given a much more desirable rate than a shipper who might possibly only have 50 tons of freight. The very same thing applies. He seemed to me disposed to be fearful that the railroads would be given a privilege, that nothing should be done to take away the privilege which the freight carriers now have.

The CHAIRMAN: Thank you, Mr. Donovan.

Witness retired.

The CHAIRMAN: The third representation to be received this morning was to have been from the Vancouver-St. Lawrence lines. Have they a representative here? (No response.)

The fourth representative who was to have been heard was the Ellis Shipping Company, of Montreal. Have they a representative present? (No response.)

Then, the fifth in order was to be the Canada Steamship Lines. I have a telegram from Mr. Enderby that he was going to be present here this morning.

Mr. ENDERBY: Yes, Mr. Chairman.

The CHAIRMAN: Have you a brief to present?

Mr. ENDERBY: Yes, I have.

T. R. ENDERBY, Managing Director of Canada Steamship Lines, Limited, Montreal, called:

The WITNESS:

SUBMISSION BY CANADA STEAMSHIP LINES LIMITED TO THE
STANDING COMMITTEE ON RAILWAYS, CANALS AND
TELEGRAPH LINES IN THE MATTER OF BILL 31,
THE TRANSPORT ACT, 1938

Canada Steamship Lines, Limited, and its predecessor companies have been engaged in the transportation of freight and passengers by water on the Great Lakes and St. Lawrence River from Fort William and Port Arthur to the Saguenay River, for over forty years. During that time it has conducted regular scheduled services between the principal ports in this territory and has established or constructed terminals and ships especially adapted for the transport of package freight during the entire season of navigation and for the transport of passengers during the summer season, or at such times as passenger traffic is available.

In this submission Canada Steamship Lines has reference to those parts of the Bill which refer to "Transport by Water" and as the provisions of the Bill do not apply to the Transport by Water of goods in bulk, the submission is primarily concerned with the transport of package freight by water.

In general terms Canada Steamship Lines, with one major exception, is in accord with the intent of Bill 31.

Our objection to the interpretation item, which has to do with the size of ships, is that we feel that the present provision is too great; item (h) "ship" provides for a size of one hundred and fifty tons gross. We submit that one hundred and fifty tons gross tonnage is too large. In actual practice this means that ships with cargo capacities of as much as three hundred and fifty tons are free of control or regulation of any kind. Our suggestion would be that this clause be revised to read: "ships" includes every description of vessel exceeding one hundred tons cargo capacity.

The next item is on part one:—

That on the change being made from the "Board of Railway Commissioners" to the "Board of Transport Commissioners" the latter Board include at least one commissioner thoroughly conversant with Transport by Water in Canada.

Now, our next item is marked, licences and certificates of necessity. Our only objection there is that we think the wording of the bill should be somewhat simplified so that we would be able to apply to one office only instead of two. Our brief reads:—

That these be issued by one authority instead of being divided between the Board of Transport Commissioners and the Minister as now called for.

Hon. Mr. HOWE: I think that is the intention, Mr. Enderby. The reason the minister is mentioned there is on account of the technical difficulties. There will only be one authority in any case. The minister is a needless term, except in so far as it refers to the government.

The WITNESS:

Agreed Charges—Part Five

Canada Steamship Lines' major objection to Bill 31 is against Part Five.

The other parts of the Bill extend the general provisions and principles, with reference to the submission and approval of freight rates and tariffs and the prevention of unjust discrimination of the Railway Act, to Transport by Water. Agreed charges is directly contradictory to this latter principle. Freight charges under this part become a matter of bargaining between the shipper and the carrier in each individual case and may result in unjust discrimination by the carrier against other shippers of the same class of commodity, moving in lesser volume or in other parts of the Dominion.

If the intent of Part Five is to place the regulated carrier in a position to combat the competition of the unregulated carrier careful consideration should be given to the manner in which Agreed Charges will be arrived at. It is of great importance to realize that Agreed Charges will not be attractive to shippers unless such charges are substantially lower than the present cost of transportation to the shipper in question.

Agreed Charges can mean nothing other than a matter of rate cutting not only between the regulated and unregulated carrier but between different forms of regulated carrier before the Agreed Charge is finally arrived at.

Again by reason of the fact that the railways can give transport services throughout the year, it will be possible for them by means of Agreed Charges covering a period of time greater than the season of navigation on the Great Lakes and St. Lawrence to deprive those engaged in Transport by Water of traffic now moving by water. This traffic will be secured at Agreed Charges necessarily lower than the cost of Transport by Water which is generally admitted to be the cheapest form of transportation yet devised.

Bill 31 without the inclusion of Part Five will regulate transport of package freight by water as well as by rail and will conserve to the regulated carriers a volume of traffic which previously has not been available due to uncontrolled competition.

To summarize—Part Five permits unjust discrimination, it encourages rate cutting, it enables the elimination of competitive forms of transport.

[Mr. R. R. Enderby.]

We, therefore, respectfully submit that Part Five be omitted from Bill No. 31.

The CHAIRMAN: Are there any questions, gentlemen?

By Mr. Heaps:

Q. On page four of this brief the witness states, "the cost of transportation by water is generally admitted to be the cheapest form of transportation yet devised." I would like to know if the witness could inform the committee as to how he arrived at that conclusion?—A. By a comparison of operating costs with the operating costs of other types of transportation.

Q. In arriving at the actual cost of transportation by water have you taken into consideration the amount of money which has been spent by the government on canals and in maintaining inland water routes?—A. No, sir. We have not taken into consideration the amount of money the government has spent to facilitate and maintain transportation by water on inland routes.

Mr. HEAPS: I thought the Minister of Transport was to have available at a certain juncture in our proceedings figures as to the cost of maintaining waterways for inland navigation, and also the amount the government has spent on canals, and the annual cost of the maintenance of canals toll free.

Hon. Mr. HOWE: That is all in the annual report of the department. I haven't it here, but I would be glad to make a copy of the report available to the committee.

Mr. HEAPS: I think perhaps we should have that information before us when we are trying to arrive at these costs.

By Mr. O'Neill:

Q. Witness says:

"To summarize—part 5 permits unjust discrimination, it uncovers his rate cuttings, it enables the elimination of competitive forms of transport." I wonder if the witness would care to enlighten us on that a little bit, as to what he considers unjust discrimination?—A. In our opinion it is possible under part 5 for the shipper to make a deal with any carrier which need not be given to any other shipper for reasons that there would be peculiar circumstances in the business of the first dealer which would not prevail in the second one.

By Mr. Bertrand:

Q. Could you give us an example?—A. If you have a shipper whose products move across the Dominion—we will take for instance a canning company who may ship from Montreal, Toronto or Hamilton, out to British Columbia. He obtains a certain rate. We submit that that rate would not be applicable to a canner in British Columbia who is moving locally. That is an example.

Q. Why should it apply to a company which is only moving goods locally?—A. I think it is, under the present Railway Act.

Q. Circumstances are so different. It should cost much more to transport in British Columbia than it would on the plains?—A. I imagine, pro rata for the distance—not for the two hauls.

Q. Even pro rata, because transportation in the mountains costs much more than on the plains?—A. That might be so, yes.

By Mr. O'Neill:

Q. Before an agreed charge is put into operation it must be approved by the Board of Transport, and once it is approved or put into operation any other shipper may avail himself of that charge?—A. I do not think you will find that in the bill, that any other shipper may avail himself of that agreed charge.

Q. That is my understanding.

Hon. Mr. HOWE: Under similar circumstances.

By Mr. O'Neill:

Q. Yes, under similar circumstances.—A. The circumstances surrounding the deal have to be exactly the same. I say that the discrimination is possible under the agreed charges.

Q. With the shipping companies to-day, they can enter into a secret agreement with the shipper?—A. They can.

Q. And the competitor knows nothing of what that agreement may be?—A. That is so.

Q. Do you think that is just?—A. I do not. And I want to see it all eliminated.

Mr. PARENT: It would be eliminated under the agreed charges.

By Mr. O'Neill:

Q. Have you any suggestion to offer to get rid of that?—A. Yes, I made a suggestion. My suggestion was to eliminate the whole of part 5 on agreed charges.

By Mr. Young:

Q. Would that remove the discrimination that exists to-day?—A. If the balance of the bill goes through as it stands it would eliminate the discrimination which exists to-day.

Q. As I understand it to-day, there is no regulation whatever of the very thing which is being complained about—the identical thing which has existed and is existing now?—A. We have seen the results of discrimination which exists to-day and we are supporting the bill as it stands, without the inclusion of part 5.

Q. How would the shipping companies be regulated?—A. I did not get your question.

Q. I say, how would the shipping companies be regulated? Cannot they now make any discrimination which they see fit to make?—A. They can now. But under the bill, no, they would not be able to. The intent of this bill, as we take it, is to regulate the movement of package freight, not bulk freight. In each of the clauses you will find the words "This is not intended or this does not apply to bulk freight." The railways and ourselves who conduct scheduled services that are there whenever the shipper wants to move, publish a tariff. We have published tariffs for the past twenty-five years, as the railways have. The man who complains about this is the man who wants to carry bulk freight when it suits his purpose; the man who wants not to tramp into the scheduled movement of freight but to pirate into it. That is the word we have for him.

Mr. HUSHION: That is a very hard word, Mr. Enderby.

By Mr. McKinnon (Kenora-Rainy River):

Q. Your company do not operate what are generally known as tramp steamers?—A. We do. We operate both tramp steamers and package freight. We operate twenty-five steamers.

Q. Your tramp steamers are scheduled?—A. No. The tramp steamers run into competition with every other form of tramp steamer on the great lakes.

Q. You conduct a scheduled service between principal points?—A. We do, with twenty-five package freighters.

Q. Outside of that, you have regular tramp steamers?—A. We are in along with the other unscheduled steamers; that would be bulk freight.

The CHAIRMAN: Are there any other questions, gentlemen?

[Mr. R. R. Enderby.]

By Mr. McIvor:

Q. Have you found your shipping company making money in the last few years?—A. No, sir. We have not made money with the shipping companies; and I think we are in the same unfortunate position as all other shipping companies on the Great Lakes for the last seven or eight years, due very largely to crop failures and unregulated competition.

By Mr. Bertrand:

Q. What would be one way of regulating that competition?—A. That bill will regulate competition. There is one point I would like to make with the committee with regard to a statement that appeared in one of these briefs or which was made by one of the witnesses, that if the tramp ships were deprived of certain commodities to carry, the rate on grain would necessarily go up. Gentlemen, there is no foundation whatever in that statement.

Q. Why?—A. For the reason that the movement is an internationally competitive business, and is governed by the grain markets and the demand. There is no relation between the movement of other bulk freight and grain.

By Mr. McIvor:

Q. Regulation of the rates would be in your favour?—A. I beg your pardon?

Q. It would be in your favour to have the rates regulated?—A. Not altogether. It would be in the favour of the commercial activities of the country perhaps more than it would for us, so that they would know not only for the moment or for the minute what their freight rate would be, but they could do business in advance on a definitely set schedule of freight rates—a very important thing, in our opinion, for the commerce of the country.

By Mr. Howden:

Q. So that your submission, Mr. Enderby, is not on all fours with that of Mr. Campbell?—A. It varies very much from Mr. Campbell's.

By Mr. McKinnon (Kenora-Rainy River):

Q. When you remarked that grain is an internationally competitive business, you mean that the rates are set internationally on a competitive basis?—A. Well, the combination of the price of the freight rate both on the lakes and on the ocean must be such that the grain will get to the world markets at a price such that it can compete with the grain coming from other parts of the world.

Q. Does that apply to grain products also, such as flour?—A. I am not sufficiently conversant with that phase of the business to tell you that.

The DEPUTY CHAIRMAN: Are there any other questions, gentlemen?

Thank you very much, Mr. Enderby. Well, gentlemen, that terminates our list for this morning. If other shipping interests want to be heard, they can be notified later on. On Tuesday, May 10th, at 10.30, the committee will meet again. Twenty-one air-line companies have been advised of this meeting. The committee is adjourned until Tuesday at 10.30, gentlemen.

The committee adjourned at 12.30 p.m. to meet again on Tuesday, May 10th, at 10.30 a.m.